



STATE of WYOMING LEGISLATURE

Memorandum

DATE September 19, 2022

TO Stefan Johansson, Executive Director, Wyoming Department of Health
Edward Seidel, President, University of Wyoming
Brian Schroeder, Superintendent, Wyoming Department of Education
Robin Cooley Sessions, Executive Director, Department of Workforce Services
Patricia Bach, Executive Director, Department of A&I
Luke Reiner, Executive Director, Wyoming Department of Transportation
Other Interested Parties

CC The Honorable Curtis Meier, Wyoming State Treasurer
The Honorable Kristi Racines, Wyoming State Auditor
Renny MacKay, Policy Director, Governor's Office

FROM Senator Drew Perkins, Chairman
Representative Bob Nicholas, Vice Chairman

SUBJECT Borrowing Authority from the Legislative Stabilization Reserve Account (LSRA)

As part of its interim work, the Legislature's Select Committee on Capital Financing and Investments invites testimony from stakeholders and interested parties as the Committee considers possible revisions to statutory borrowing authority from the Legislative Stabilization Reserve Account (LSRA). While LSRA borrowing authority is often an advantageous way to provide for important programs and projects, the Select Committee wants to ensure that these authorizations are appropriately sized or that they are potentially repealed if they are no longer necessary.

The table printed at the end of this document contains a list of current LSRA obligations and borrowing authorities. In the first column, the table also provides potential recommendations for amendments to these obligations and authorities. Please note that these recommendations have not been formally adopted by the Select Committee nor have they been fully discussed. Instead, the Select Committee is still in the process of exploring the relevant issues and formulating formal recommendations.

In our effort to be fully informed of relevant issues, the Select Committee respectfully requests that your organization testify about your reliance on existing LSRA borrowing authority at the Select Committee's next meeting. That meeting is on September 28, 2022 in Cheyenne at the Capitol Building (Room #W113). We expect testimony on this topic to be discussed as early as 3:00 p.m. on that day. The agenda for the meeting can be located [here](#). Remote participation through Zoom is available by registering for the meeting through the LSO website [here](#). If your organization feels there are important issues that need to be considered with regard to potential changes to the LSRA, we ask that you outline those issues in writing prior to the meeting and provide them to the Select Committee. All written testimony and materials to be discussed at the meeting should be delivered in advance of the meeting by emailing them to Karen Vaughn, Legislative Service Office (LSO), at Karen.Vaughn@wyoleg.gov.

If you have questions or concerns, please contact Polly Scott, LSO, at Polly.Scott@wyoleg.gov.

LSRA Obligations, Grouped by Appropriations, Borrowing Authority, and Guarantees.

Potential Subcommittee Recommendation	Activity	BFY 2023-2024 Amount	Citation	Notes
	<i>BFY 2023-2024 Appropriations¹</i>			
None	Special Contingency Office of the Governor	\$20,000,000	9-2-1014.3(a)	
None	Energy Matching Funds to Office of the Governor	\$100,000,000	2022 Laws, Ch. 51, Sec 321	
None	Firemen's pension plan benefits	\$20,000,000	2022 Laws, Ch. 8	Effective April 1, 2022 loan will be repaid by employers over 20 years without interest
None	Supplemental water development funding	\$25,000,000	2022 Laws, Ch. 74, Sec 1(a)(i)	Fontenelle reservoir storage capacity
None	Supplemental water development funding	\$21,810,000	2022 Laws, Ch. 74, Sec 1(a)(ii)	Goshen irrigation district tunnels 1 and 2
None	Supplemental water development funding	\$30,000,000	2022 Laws, Ch. 74, Sec 1(a)(iii)	LaPrele dam rehabilitation
None	<i>Transfers</i>			
None	Wyoming's Tomorrow	\$10,000,000	2022 Laws, Ch. 52	Transfer
None	SCCA	\$45,951,141	2022 Laws, Ch. 51, Sec. 300(k)(ii)	Budget Balancer - Transfer
	<i>Borrowing Authority²</i>			
1. Consider reducing (Dept. of Health & State Construction Dep.)	Veterans' skilled nursing center	\$9,000,000	2019 Laws, Ch. 156	Current outlay of \$3.0 million to date
2. Consider eliminating (UW)	UW student housing account	\$49,000,000 (To revert 6/30/2029)	2019 Laws, Ch. 206	Includes 2 separate appropriations: \$15 million and \$34 million; has not been used.
None	GF borrowing	Unlimited	2022 Laws, Ch. 51, Sec. 301(a)	Cash flow needs
None	Interfund loans to meet obligations due prior to receipt of revenues	\$60,000,000	W.S. 9-1-417(a)	Treasurer and Auditor authority to borrow for other funds
None	SCCA borrowing	\$60,000,000	2022 Laws, Ch. 51, Sec. 301(b)	
3. Consider limiting (Dept. of Education, UW and Community Colleges, and State Treasurer)	Hathaway borrowing	Unlimited	2022 Laws, Ch. 51, Sec. 301(c)	Annual scholarships are approximately \$18 million/yr

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Potential Subcommittee Recommendation	Activity	BFY 2023-2024 Amount	Citation	Notes
None	Wildland fires	\$20,000,000	2022 Laws, Ch. 51, Sec. 302(a)	
None	Ad Valorem Loans	\$19,726,000 (To revert 6/30/2022)	2021 Laws, Ch. 28, Sec. 2 and 2022 Laws, Ch. 53, Sec 2	\$4,602,679 as of 3/31/2022
4. Consider eliminating (Dept. of Workforce Services)	Interfund loans to the unemployment compensation fund to repay funds borrowed from the federal unemployment trust fund	\$20,000,000	W.S. 27-3-303(e)	
None	Emergency water projects	\$2,000,000	W.S. 41-2-124(f)	
5. Consider limiting (Dept. of Education)	SFP borrowing	Unlimited	W.S. 21-13-316(a)	Cash flow (\$250 million +/-yr)
6. Consider reducing (Employees Group Insurance)	School districts moving to employees' and officials' group insurance	\$60,000,000	W.S. 9-3-205(e)	Transitional borrowing
7. Consider changing to State Agency Pool (WYDOT)	Loans for Wyoming Department of Transportation obligations coming due prior to receipt of revenues ³	\$200,000,000	W.S. 9-1-418	Cash flow from "pooled fund investments"
	Guarantee⁴			
8. Consider limiting (Dept. of Education)	School Foundation Program (SFP) Guarantee	\$128,100,000 current estimate	W.S. 9-4-219(b)	Estimate of transfer for 2023-2024 biennium as of April 2022 LSO Fiscal Profile

Source: LSO summary.

Notes:

1) There may be appropriations from prior biennia that have not fully closed. However, older appropriations are already incorporated into the LSO Fiscal Profile and would require adjustment only if the funds are reverted.

2) The borrowing authorities are not listed in any priority order. Presumably, if all borrowers sought funds, the State Treasurer and Auditor would address requests on a first-come, first-served basis.

3) W.S. 9-1-418 provides for up to \$200 million to meet obligations of the department of transportation which come due prior to the receipt of revenues. The source of these loans is "pooled fund investments"; however, the most recent State Treasurer's Annual Report suggests the source would be the LSRA.

4) W.S. 9-4-219(b) states, "(b) To the extent funds are available after all other appropriations or transfers from the legislative stabilization reserve account to be made on or prior to June 30 of the applicable fiscal year have been made, an amount necessary to restore the unobligated, unencumbered balance within the public school foundation program account to one hundred million dollars (\$100,000,000.00) on June 30 of each fiscal year shall be transferred from the legislative stabilization reserve account into the public school foundation program account. This subsection is repealed the month immediately following the date that the state auditor and the state treasurer first certify to the governor and the department of revenue, and the governor certifies the same to the secretary of

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state, that the unobligated, unencumbered balance in the legislative stabilization reserve account is less than five hundred million dollars (\$500,000,000.00)."